Mediating role of green banking in enhancing non-financial performance: evidence from Indonesian commercial banks

Fangky Antoneus Sorongan[1], Steph Subanidja[2], Djoko Hanantijo[3], Mohammad Hidir Baharudin[4]

[1,2,3]*Faculty of Economics and Business, Perbanas Institute, South Jakarta, Indonesia*
[4]*Kolej Universiti Islam Johor Sultan Ibrahim, Johor Bahru, Malaysia*

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Abstract

This study investigates the mediating role of green banking in connecting sustainable organizational culture, green innovation capability, and bank reputation to the non-financial performance of Indonesian commercial banks. Although prior research largely emphasizes financial outcomes of green banking, its impact on non-financial dimensions such as operational efficiency, innovation, and reputation remains underexplored in emerging markets like Indonesia. A quantitative approach was employed, utilizing structural equation modelling (SEM) with AMOS on survey data from 270 respondents in the Indonesian banking sector. Findings show that green banking has a direct and significant positive effect on non-financial performance. Importantly, sustainable organizational culture, green innovation capability, and bank reputation affect non-financial performance solely through the full mediation of green banking practices. The results highlight that internal sustainability values and reputational assets yield no direct performance benefits unless embedded in concrete green banking initiatives. This underscores the need for banks to prioritize substantive implementation of sustainable products, eco-friendly operations, and regulatory compliance to gain competitive advantage in Indonesia's green and digital economy.

Keywords: *green banking, non-financial performance, sustainable organizational culture, green innovation capability, bank reputation*

Introduction

The banking sector is essential for advancing global sustainable development (Bansal et al., 2023; Korzeb et al., 2024). As pivotal entities in the financial sector, banks possess the capacity to impact environmental and social practices via the provision of credit, investment, and various financial services (Park & Kim, 2020). Over the past ten years, increasing awareness of climate change, environmental degradation, and social responsibility has compelled banks globally to implement sustainable practices, referred to as green banking (Chen et al., 2022; Rehman et al., 2021). The banking sector's shift towards sustainable practices corresponds with global sustainability agendas, emphasizing the necessity for banks to transition from traditional financial roles to sustainability-oriented institutions (Campanella et al., 2023; Korzeb et al., 2024; Subanidja et al., 2022b).

Green banking refers to initiatives aimed at minimizing the ecological footprint of a bank's internal operations, as well as the creation of financial products and services that explicitly promote environmentally sustainable projects, including renewable energy, energy efficiency, and sustainable waste management (Bressan, 2025). By implementing green banking practices, banks can actively contribute to the transition towards a green economy and address the expectations of stakeholders increasingly concerned with

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Corresponding author: Fangky A. Sorongan, f.sorongan@perbanas.id

sustainability issues (Bansal et al., 2023; Mir & Bhat, 2022; Rahman et al., 2023). Belgacem & Ejaz (2025) contend that green banking involves ecological consciousness aimed at environmental preservation and corresponds with global economic and social trends, wherein banks assume a pivotal role in pursuing a more sustainable future for the planet.

The financial effects of green banking practices, including cost efficiency, enhanced profitability, and less credit risk, have been thoroughly examined and recorded in scholarly literature (Bressan, 2025; Gazi et al., 2024; Rahman et al., 2023). The influence of green banking on non-financial dimensions of bank performance, including operational efficiency, product innovation, employee satisfaction, and reputation, remains underexplored (Zhang et al., 2022). Notwithstanding the increasing interest, the Indonesian banking sector exemplifies a distinctive case for sustainability research. Indonesia, as a growing economy, is presently evolving into a green financial ecosystem, significantly shaped by the laws of the Financial Services Authority (OJK, 2017). Although banks endeavor to adhere to regulations, the internal transformation involving organizational culture, innovative skills, and reputation management frequently faces practical obstacles. Prior studies in Indonesia have predominantly focused on the financial implications of green banking adoption, such as cost efficiency and profitability (Bressan, 2025; Gazi et al., 2024), while limited attention has been given to how internal organizational factors contribute to non-financial performance through green banking mechanisms. This study asserts that green banking is not simply a regulatory obligation but a strategic facilitator that transforms internal sustainability initiatives into enhanced operational and non-financial outcomes. Comprehending the influence of green banking on a bank's non-financial performance is essential, as a bank's enduring success is dictated not solely by financial metrics but also by its capacity to generate value for all stakeholders (Chen et al., 2022; Subanidja et al., 2022a).

This study seeks to address this gap by examining the impact of green banking practices on the non-financial performance of banks in Indonesia. Specifically, this study contributes by critically examining whether Sustainable Organizational Culture, Green Innovation Capability, and Bank Reputation directly influence non-financial performance or whether their effects are fully mediated through Green Banking practices—an area that remains underexplored in prior literature. This study will investigate the direct impact of Bank Reputation, Green Innovation Capability, and Sustainable Organizational Culture on Bank Non-Financial Performance. This study additionally examines the mediating function of Green Banking. The presented hypothesis asserts that Green Banking can mediate the relationship among Green Innovation Capability, Sustainable Organizational Culture, and Bank Reputation about Bank Non-Financial Performance.

Literature Review

The notion of green banking has emerged as a significant issue within the global financial sector in recent decades. Green banking denotes banking practices that take into account the environmental and social consequences of their operations, aiming to diminish their carbon footprint and foster sustainable development (Seth, 2024). (Sharma & Choubey, 2022) define green banking as the integration of environmental legislation, eco-friendly products, energy efficiency, and investments in sustainable initiatives, including renewable energy and waste management. Adopting green banking practices can provide numerous advantages for banks, such as enhancing operational efficiency, mitigating credit risk, and

bolstering their reputation as socially and environmentally responsible entities (Enjen, 2023). Moreover, green banking can significantly contribute to the transition towards a sustainable economy and the attainment of sustainable development objectives (Korzeb et al., 2024; Rehman et al., 2021).

Bank non-financial performance includes factors beyond financial metrics, such as operational efficiency, innovation, staff happiness, and customer service quality (Aslam & Jawaid, 2023; Moudud-Ul-Huq et al., 2023). These non-financial performance indicators are essential for a comprehensive assessment of a bank's success in generating value for stakeholders, beyond merely financial considerations (Bressan, 2025). Numerous studies indicate that sustainable practices, such as green banking, can enhance a bank's non-financial performance. Implementing green banking can enhance operational efficiency by decreasing energy consumption and optimizing resource utilization (Enjen, 2023). Moreover, green banking initiatives can foster innovation in sustainable financial products and services, while also enhancing employee satisfaction and motivation (Aslam & Jawaid, 2023; Moudud-Ul-Huq et al., 2023).

A sustainable organizational culture encompasses the attitudes, beliefs, and behaviors that promote environmental sustainability within an organization (Gazi et al., 2024). This culture can affect employee attitudes, behaviors, and decision-making toward the adoption of ecologically sustainable activities (Do et al., 2022). This culture can motivate staff to proactively identify and execute green initiatives while fostering a work environment conducive to sustainability.

Green innovation competency denotes an organization's capacity to create, embrace, and execute environmentally sustainable innovations (Sun & Xu, 2021; Yuan & Cao, 2022). This encompasses competencies in green product development, clean technology implementation, and collaboration for sustainable innovation (Al Abdulla & Muneer, 2023; Gao et al., 2023). In the banking sector, green innovation capabilities enable banks to generate more sustainable financial goods and services, implement eco-friendly technologies, and collaborate with many stakeholders to achieve sustainable financial solutions (Rahman et al., 2023). This competence may provide banks with a competitive edge in delivering innovative and sustainable portfolios (Wiharso et al., 2022).

The reputation of a bank as an ecologically responsible institution signifies stakeholders' impressions of its environmental commitments and practices (Khan et al., 2024; R. Sharma & Joshi, 2024; Zhao et al., 2023). A strong reputation can enhance customer trust and loyalty, as well as attract investors interested in sustainability (Phong & Anh, 2023). The adoption of green banking practices can enhance a bank's reputation as an ecologically responsible entity (Enjen, 2023). Banks can cultivate a favorable reputation among stakeholders by implementing green efforts, including funding eco-friendly projects, minimizing energy usage, and creating sustainable financial products (Campanella et al., 2023; Phi & Huong, 2023). A strong reputation can assist banks in preserving competitiveness and broadening access to financial markets focused on sustainability concerns.

An enduring organizational culture is essential for facilitating the adoption of green banking practices inside financial institutions (Suhardjo & Suparman, 2024). Organizations that prioritize environmental consciousness, sustainable innovation, and social accountability are often more effective in adopting and executing green banking practices (Gazi et al., 2024). Consequently, the hypothesis posited in this study is:

H1: Sustainable Organizational Culture has a significant influence on Bank Non-Financial Performance.

Green innovation competency denotes a firm's capacity to create, embrace, and execute ecologically sustainable technologies (Aligarh et al., 2025). This competence enables banks to generate more sustainable financial goods and services, implement eco-friendly technologies, and collaborate with many stakeholders to build sustainable financial solutions (Yuan & Cao, 2022). Green innovation capability may serve as a competitive advantage for banks in providing innovative and sustainable portfolios (Gazi et al., 2024; Rahman et al., 2023; Yuan & Cao, 2022). Based on prior studies, the hypothesis posited in this research is:
H2: Green Innovation Capability has a significant effect on Bank Non-Financial Performance.

The reputation of a bank as an environmentally sustainable organization mirrors stakeholders' views on its environmental commitments and practices (Khan et al., 2024). A strong reputation can enhance customer trust and loyalty, while also attracting investors with an emphasis on sustainability (Zhao et al., 2023). Banks can enhance their reputation among stakeholders by implementing green efforts, including funding eco-friendly projects, minimizing energy usage, and creating sustainable financial products (Campanella et al., 2023). According to the aforementioned supporting studies, the hypothesis posited in this research is:
H3: Bank Reputation has a significant effect on Bank Non-Financial Performance.

The adoption of green banking can enhance operational efficiency by decreasing energy consumption and optimizing resource utilization (Aslam & Jawaid, 2023). Green banking efforts enhance environmental sustainability and simultaneously elevate staff satisfaction and motivation, so positively impacting a bank's non-financial performance (Chen et al., 2022; Rahman et al., 2023). According to the aforementioned supporting studies, the hypothesis posited in this research is:
H4: Green Banking has a significant influence on Bank Non-Financial Performance.

An enduring company culture can affect employee attitudes, actions, and decision-making in the adoption of ecologically sustainable practices (Gazi et al., 2024). Organizations that cultivate a culture of environmental consciousness are generally more successful in adopting and executing green banking practices (Suhardjo & Suparman, 2024). The successful implementation will enhance the bank's non-financial performance, including operational efficiency and employee happiness (Rahman et al., 2023). According to the aforementioned supporting studies, the hypothesis posited in this research is:
H5: Green Banking can significantly mediate the effect of Sustainable Organizational Culture on Bank Non-Financial Performance.

The competence for green innovation facilitates the effective execution of green banking within the financial sector (Yuan & Cao, 2022). A bank's capacity to cultivate, embrace, and execute environmentally sustainable innovations, referred to as green innovation capability, can be realized through green banking practices (Abdalmajeed & Saleh, 2025). The adoption of these techniques will subsequently enhance the bank's non-financial

performance, including product and service innovation (Adomako, 2020; Rehman et al., 2021; Tingbani et al., 2020). Informed by the aforementioned investigations, the hypothesis posited in this research is:

H6: Green Banking can mediate the significant effect of Green Innovation Capability on Bank Non-Financial Performance.

Green banking can enhance a bank's reputation as an environmentally responsible entity (Khan et al., 2024). A positive reputation enables banks to attract sustainability-focused clients, enhance loyalty, and secure greater backing from investors and regulators (Zhao et al., 2023). This association indicates that a positive reputation can promote the implementation of green banking practices, hence enhancing a bank's non-financial performance, including customer service quality and stakeholder participation (Rahman et al., 2023). According to the aforementioned supporting studies, the hypothesis posited in this research is:

H7: Green Banking can mediate the significant effect of Bank Reputation on Bank Non Financial Performance.

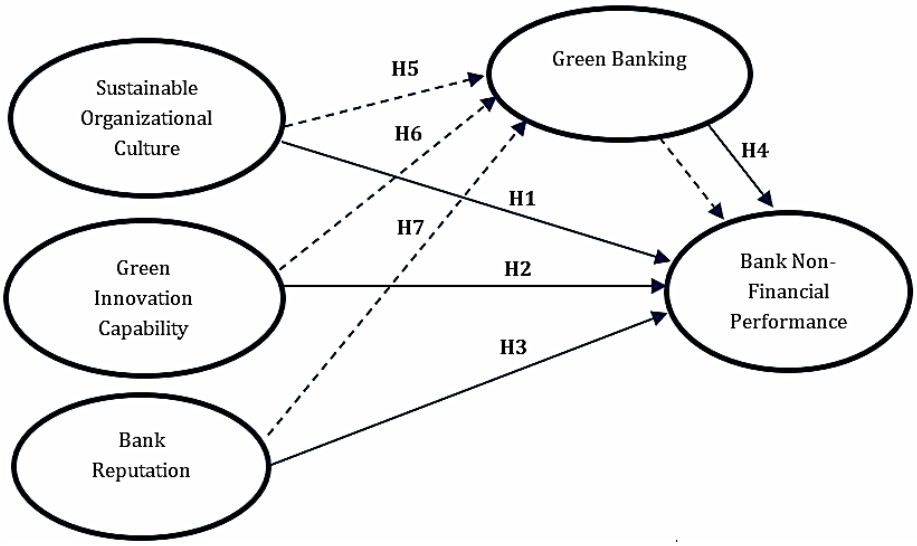

Figure 1. Research Framework

Methods

This research employs a quantitative methodology to examine the relationship among Sustainable Organizational Culture, Green Innovation Capability, Bank Reputation, Green Banking, and Bank Non-Financial Performance within the banking sector. The AMOS statistical software suite was employed for data analysis. The Structural Equation Modeling (SEM) analysis using AMOS was conducted in several systematic stages. First, a measurement model was evaluated through Confirmatory Factor Analysis (CFA) to assess the validity and reliability of the constructs. Second, the structural model was tested to examine the hypothesized relationships among variables. Third, the goodness-of-fit indices were evaluated to determine whether the model adequately fits the data. The study included 270 participants, comprising employees and management of commercial banks. The respondents were drawn from commercial banks in Indonesia, including both state-

owned and private banks, primarily located in major urban areas such as Jakarta, Bandung, and Surabaya. This study focuses exclusively on conventional commercial banks and does not include Islamic or rural banks to ensure consistency in operational and regulatory characteristics. A purposive sample technique was employed to choose people possessing pertinent knowledge and experience. Primary data were collected using a standardized questionnaire distributed to bank employees and managers. The selection of respondents from urban areas is based on the higher adoption of green banking practices in these regions. The questionnaire was developed utilizing a validated scale from prior literature and tailored to the context of sustainable banking. The questionnaire was distributed online using platforms such as Google Forms. This study employed the Likert scale as a data collection instrument to assess individuals' attitudes, views, or perceptions. The Likert scale has multiple questions with defined response categories, and an individual's score is determined by aggregating the total number of responses provided (Creswell, 2017). This study scale employs a scoring system ranging from 1 (low) to 5 (high) to gather ordinal data, which is subsequently converted into interval data by the successive interval method. Indicator validity in this study was assessed using standardized factor loadings and Average Variance Extracted (AVE). The Structural Equation Modeling (SEM) analysis was conducted in several stages: (1) measurement model evaluation using Confirmatory Factor Analysis (CFA), (2) structural model testing, and (3) goodness-of-fit assessment. The reliability assessment was performed with the Cronbach's Alpha method, with a threshold of 0.7. The assessment of the model's fit to the data in this study employs various fit indices, specifically: Chi-Square, Root Mean Square Error of Approximation (RMSEA), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), and the Minimum Sample Discrepancy Function divided by Degrees of Freedom (CMIN/DF).

Results And Discussion

Table 1 indicates that 55% of survey participants were male, whilst female participants were 45% of the overall responses. 21% of respondents reported having 3-5 years of experience in the banking business, 28% indicated 6-10 years, 38% possessed 11-20 years, and 13% had 20 years or more of tenure at their bank. Concerning educational attainment, 43 individuals possessed a master's degree, 53% held a bachelor's degree, and 31% obtained a diploma. Regarding employment titles, 6% were Directors, 27% were Managers, 41% were Assistant Managers, and the remaining 26% were Staff.

To assess the adequacy of the measurement model, a Confirmatory Factor Analysis was performed. Items exhibiting low factor loadings and substantial cross-loadings in the questionnaires have been eliminated to satisfy overall criteria and improve model fit (Hair et al., 2021). This study assesses the internal reliability of under-explored variables through Cronbach's alpha test, while also calculating standardized factor loading, composite reliability (CR), average variance extracted (see Table 2), and model fit indices to establish the study's convergent validity. Subsequently, the Average Variance Extracted (AVE) were assessed alongside the squared inter-construct correlation (SIC) to confirm discriminant validity.

Table 1. Characteristics of Respondents

	Frequency	Percent
Gender		
Men	148	55
Women	122	45
Working Period		
3 – 5 years	57	21
6 – 10 years	76	28
11 – 20 years	102	38
> 20 years	35	13
Education Background		
Master	43	16
Bachelor	142	53
Diplomma	85	31
Job Title		
Director	15	6
Manager	73	27
Assistant Manager	112	41
Staff	70	26

Table 2 indicates that the convergent validity is adequate. Hair et al., (2021) indicates that these values must not fall below 0.7. Furthermore, all observed items exhibit standardized factor loading values beyond the recommended threshold of 0.6, as proposed by (Usakli & Rasoolimanesh, 2023), while Cronbach's alpha values range from 0.781 to 0.881, all of which are deemed acceptable. The composite reliability (CR) values reported above the recommended threshold of 0.7, as indicated by (Hair et al., 2021), and all items must possess factor loading values greater than 0.60 to establish convergent validity (Fornell & Larcker, 1981). Furthermore, the AVE of our case study exceeds 0.50, indicating adequate convergence, as supported by AVE values greater than 0.5, the established threshold (Hair et al., 2021).

Hair et al., (2021) assert that this validity is achieved when the measurement model is free of redundant elements. According to Hair et al., (2021 and Kline (2023), acceptable model fit is achieved when goodness-of-fit indices such as CFI and TLI exceed 0.90, and RMSEA is below 0.08. Table 3 presents the findings of the discriminant validity analysis. Consequently, the values proposed by previous studies are corroborated by our findings. Discriminant validity is established when the on-diagonal value of the Average Variance Extracted (AVE) is inferior to the squared off-diagonal correlation (Fornell & Larcker, 1981). Table 4 presents the results of the goodness of fit analysis. The specified values for the measurement model fit indices are as follows: $\chi 2/df = 1.831$ (Wheaton et al. 1977), GFI = 0.94, and TLI = 0.93, which should exceed 0.90 (Joreskog & Sorbom, 1984); CFI = 0.97 (comparative fit index), which should also exceed 0.90 (Bentler, 1990); and RMSEA = 0.06 (root mean square error of approximation), which should be less than 0.08 (Kline, 2023).

Table 2. Confirmatory Factor Analysis Measuring Model

Constructs	Measure	Factor loading
Sustainable Organizational Culture	AVE= 0.695, CR=0.872, CA=0.781	
SOC1		0.612
SOC2		0.894
SOC3		0.778
SOC4		0.674
Green Innovation Capability	AVE= 0.684, CR=0.854, CA=0.846	
GIC2		0.691
GIC3		0.693
GIC4		0.814
Bank Reputation	AVE= 0.735, CR=0.826, CA=0.819	
BR1		0.782
BR3		0.846
BR4		0.844
Green Banking	AVE= 0.731, CR=0.881 CA=0.881	
GB1		0.709
GB2		0.841
GB3		0.739
GB4		0.768
Bank Non Financial Performance	AVE= 0.649, CR=0.880, CA= 0.877	
BFP1		0.850
BFP2		0.802
BFP3		0.858
BFP4		0.703

Table 3. Discriminant Validity

Construct	Sustainable Organizational Culture	Green Innovation Capability	Bank Reputation	Green Banking	Bank Performance
Sustainable Organizational Culture	0.747				
Green Innovation Capability	0.365	0.701			
Bank Reputation	0.587	0.476	0.763		
Green Banking	0.467	0.62	0.77	0.765	
Bank Non-Financial Performance	0.592	0.517	0.703	0.718	0.805

Table 4. Goodness-of-Fit Indices

CMIN/DF	RMSEA	GFI	CFI	TLI	NFI
1.831	0.01	0.958	0.980	0.972	0.973

Table 5. Regression Weights

Hypothesis	Hypothesized path	P values	Result
H1	Sustainable Organizational Culture → Bank Non Financial Performance	0.847	Not supported
H2	Green Innovation Capability → Bank Non Financial Performance	0.428	Not supported
H3	Bank Reputation → Bank Non Financial Performance	0.463	Not supported
H4	Green Banking → Bank Non Financial Performance	0.000	Supported
H5	Sustainable Organizational Culture -> Green Banking → Bank Non Financial Performance	0.014	Supported
H6	Green Innovation Capability → Green Banking → Bank Non Financial Performance	0.000	Supported
H7	Bank Reputation → Green Banking → Bank Non Financial Performance	0.001	Supported

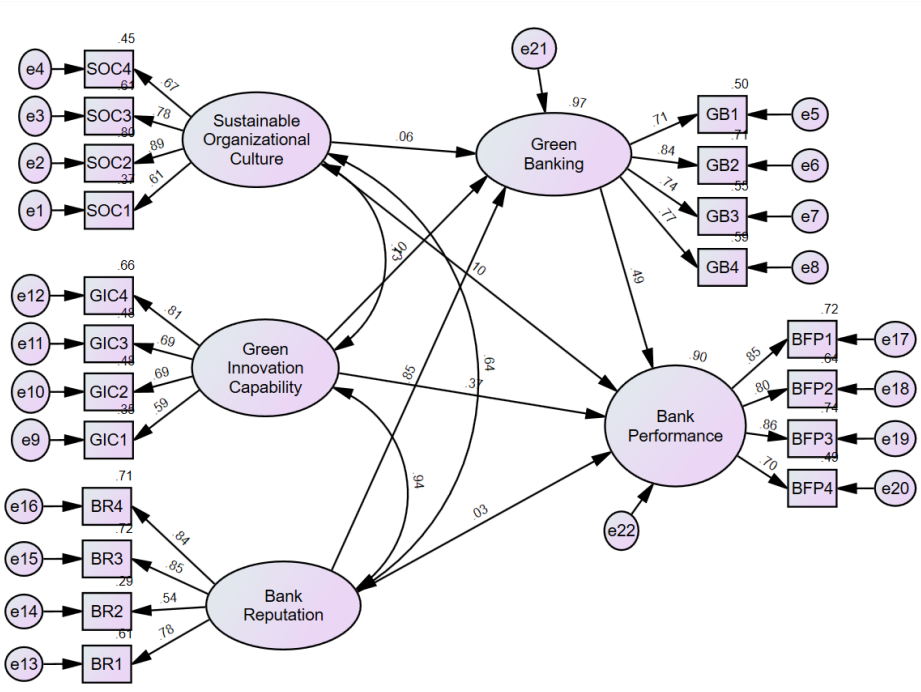

Figure 2. Output of Structural Path Analysis for the Research Model

The structural equation modeling (SEM) analysis reveals a pivotal yet nuanced finding. This finding indicates that internal organizational factors do not automatically translate into performance outcomes unless operationalized through green banking practices. The direct relationships from Sustainable Organizational Culture (H1), Green Innovation Capability (H2), and Bank Reputation (H3) to Non-Financial Performance are statistically insignificant. This outcome, while contrasting with some established literature, can be coherently

interpreted by considering the operational realities and developmental stage of sustainability integration within Indonesia's commercial banking sector.

The absence of a direct effect from Sustainable Organizational Culture (H1) suggests that while internal values and norms are essential, they function primarily as an enabling condition rather than a direct performance driver. In many Indonesian banks, sustainability principles may not yet be fully embedded into formal management systems, job descriptions, and reward structures (Suhardjo & Suparman, 2024). Consequently, a pro-environment culture might raise general awareness without systematically altering operational processes or service delivery in ways that directly enhance efficiency or stakeholder satisfaction. Its value is realized only when explicitly channeled into concrete Green Banking protocols and products. This result is consistent with prior studies (Rahman et al., 2023; Suhardjo & Suparman, 2024). The empirical result ($p = 0.847$) confirms the insignificant effect.

Similarly, Green Innovation Capability (H2) reflects a bank's latent potential or R&D orientation toward sustainable solutions. However, in a regulatory-driven and traditionally risk-averse industry, the mere possession of innovative capabilities does not guarantee their effective deployment or market acceptance (Gazi et al., 2024). Many banks may develop green products or processes, but if these innovations are not vigorously implemented, scaled, and integrated into core business lines as a function of active Green Banking, they remain as prototypes or policy documents with negligible impact on actual non-financial outcomes like employee engagement in sustainability tasks or perceived service innovation by customers. This finding aligns with prior research (Gazi et al., 2024; Rahman et al., 2023). The empirical result ($p = 0.428$) confirms the insignificant relationship.

Regarding Bank Reputation (H3), the findings indicate that a green image, often built through communication and reporting, cannot by itself sustain performance improvements in a competitive and increasingly skeptical market (Khan et al., 2024; Zhao et al., 2023). Stakeholders, including customers and investors, are increasingly demanding tangible and verifiable sustainability actions rather than symbolic commitments (Rahman et al., 2023). A reputation not consistently validated by tangible, measurable Green Banking initiatives such as a growing portfolio of verified green loans or transparent reductions in operational waste risks being perceived as superficial. Thus, reputation acts as a platform that requires the substance of implemented practices to translate into stronger loyalty, trust, and operational excellence. This finding is supported by prior research (Khan et al., 2024; Rahman et al., 2023; Zhao et al., 2023), which suggests that reputation alone is insufficient to improve performance unless it is supported by concrete sustainability practices.

Therefore, the most significant finding of this study is the Full Mediating role played by Green Banking (Z). Although the independent variables did not directly influence performance, they demonstrated a strong and significant impact when mediated through Green Banking practices (H5, H6, and H7). Specifically, the mediation of Sustainable Organizational Culture through Green Banking (H5) supports (Gazi et al., 2024) assertion that a sustainable culture is crucial in shaping how employees implement environmentally friendly activities, but only when concretized through formal practices. Furthermore, the mediation of Green Innovation Capability (H6) aligns with the perspective that fostering innovation encourages the adoption of effective green banking practices, which in turn

improves non-financial performance a view supported by (Rahman et al., 2023; Yuan & Cao, 2022). Finally, the mediation of Bank Reputation (H7) corroborates the findings of (Khan et al., 2024; Zhao et al., 2023), who showed that green banking practices enhance a bank's image, thereby attracting sustainability-conscious consumers and increasing stakeholder engagement. This finding aligns with prior research emphasizing the role of sustainability-oriented mechanisms as mediators in enhancing banking performance (Sorongan et al., 2025). Although the previous study focused on green finance, the current findings extend this perspective by demonstrating that green banking also functions as an operational mechanism that translates organizational capabilities into performance outcomes.

In summary, the full mediation reveals a fundamental principle: in Indonesia's emerging green finance landscape, execution mediates intent and perception. Internal culture, innovation potential, and external reputation are necessary antecedents but insufficient on their own. Green Banking serves as the critical operational bridge, transforming these intangible assets into tangible performance gains by institutionalizing sustainability into daily workflows, customer products, and strategic decision-making. These findings underscore that for Indonesian banks, going green is not merely a matter of building a corporate image but a strategic imperative. This study confirms that in a highly regulated environment like Indonesia, the substantive implementation of green banking is the pivotal mechanism for impacting non-financial performance. Therefore, banks must go beyond symbolic sustainability and focus on institutionalizing green banking as a core business strategy to secure a long-term competitive advantage.

From a managerial perspective, these findings imply that cultivating a green organizational culture or reputation alone is insufficient to enhance non-financial performance unless it is supported by the effective implementation of green banking practices. Banks need to prioritize the development of sustainable financial products, the digitalization of services to reduce carbon emissions, and strict compliance with environmental lending standards to achieve long-term competitive advantage. This finding reinforces the critical role of implementation as a bridge between sustainability orientation and actual performance outcomes.

Conclusion

This study concludes that green banking serves as the principal driver of improved non-financial performance in Indonesian commercial banks. Sustainable Organizational Culture, Green Innovation Capability, and Bank Reputation are vital organizational precursors; however, they lack the ability to directly enhance non-financial outcomes such as operational efficiency, stakeholder engagement, or corporate image. Conversely, these factors function through a complete mediation mechanism, wherein their value is only actualized when incorporated into formal Green Banking practices. Consequently, Green Banking functions as the essential operational conduit that converts internal sustainability potential into concrete performance improvements. The findings indicate that for effective bank management, cultivating a "green" reputation or culture is inadequate without the comprehensive execution of Green Banking practices. Management must prioritize the creation of sustainable financial products, the digitalization of services to minimize carbon emissions, and rigorous compliance with environmental lending standards to secure a long-term competitive advantage. This study is subject to several limitations. First, the sample

size of 270 respondents may limit the generalizability of the findings across the broader banking industry. Second, this study employs a cross-sectional research design, which does not capture the dynamic changes in green banking implementation over time. Third, the use of self-reported questionnaire data may introduce potential response bias. Future research is encouraged to adopt a longitudinal approach or conduct comparative studies between conventional and Sharia-compliant banks to provide a more comprehensive understanding of sustainable finance practices.

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